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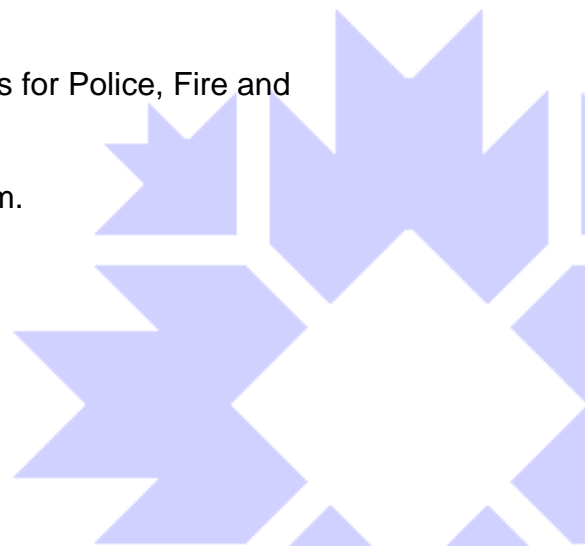
September 6, 2006

Members of the Bloomington Common Council:

We are extremely pleased to present the 2007 Budget Proposal for the City of Bloomington. Our department heads and staff have given tremendous effort for the preparation of the City's budget. I am truly grateful for their input, because this document could not exist without it. The goal for the 2007 Budget has been "Back to Basics." We hope you will support this objective, and trust that you will find evidence of it in our proposal.

Despite ongoing fiscal challenges, we are proud to announce that our "Back to Basics" budget is a responsible budget. We have continued our efforts to avoid deficit budgeting in the levy controlled funds for 2007. Bloomington's levy controlled funds are the General Fund, Parks General Fund, Cumulative Capital Improvement – Rate, Police Pension and Fire Pension. In order to balance the budget in those funds, we asked each department to hold costs down wherever possible, without impacting services to Bloomington citizens. Adjusting budgets to more closely match our needs allows us to include the following in our 2007 Budget Proposal:

- A projected 10% increase in the employer's contribution for Health Insurance.
- A projected 33% increase in fuel to cover recent significant increases in costs per gallon.
- Contractual pay increases for our Fire Fighters, Police Officers and AFSCME employees.
- Pay increases for our non-union employees.
- An increase of \$287,623 in retirement contributions for Police, Fire and civilian employees.
- Continuation of our computer replacement program.
- Two new police officers.
- Three new firefighters.



In addition, we have continued to address the issue of shifting costs to other funds. For instance, in the 2005 budget we shifted a portion the costs of three employees in Public Works from the General Fund to the Motor Vehicle Highway Fund. In the 2007 Budget we will move both of the remaining Public Works employees back to the General Fund.

The combined 2007 budgets for the five levy controlled funds (General Fund, Parks General Fund, Cumulative Capital Improvement – Rate, Police Pension and Fire Pension) are \$37,544,094, an increase of \$2,314,185 above the 2006 budget including appropriation ordinances approved through June 30, 2006. Our total appropriation request is \$55,644,291, an increase of \$2,299,299 over the 2006 Budget including appropriations approved through June 30, 2006. I have included in this year's budget book a section called "Summary Statement of General Fund and Fund Balance." I hope that this summary will give you a clear picture of the cash flow in the General Fund. The pages that follow are the budget comparisons, graphs, and Analysis of Changes in Proposed 2007 Budget Compared to Final Budget. The Civil City Capital Budget Request can be found in Section 3. Please note that on the line item budgets and summaries, the 2005 Budget amounts include all approved appropriations, and the 2006 Budget amounts include appropriation ordinances approved through June 30, 2006.

Once again, I would like to convey my thanks to the people who worked so hard to provide you with this budget including the Controller's Office staff: Jeff McMillian, David Mitchel, Tami Mitchner, Susan Truelock, Brad Underwood, Sharon Williams, and especially Alisa Wood. In addition, I would like to thank each of you for your contributions throughout the budget process.

Respectfully,

Susan Clark
Controller

Tables and charts on the following pages:

Summary Statement of General Fund and Fund Balance

Civil City Budget Comparison, Pages 1 through 3

Various Graphs

Analysis of Changes in Proposed 2007 Budget Compared to Final Budget